CIA/RR CB-62-44

No. Pages 4 2 August 1962 Copy No. 177

Current Support Brief

CURRENT AGRICULTURAL POLICY IN HUNGARY



CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

C-O-N-F-I-D-E-N-T-I-A-L

GROUP 1
Excluded from automatic
Approved For Release 2001/03/09wn@fi/e_RDF

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

C-O-N-F-I-D-E-N-T-I-A-L

CURRENT AGRICULTURAL POLICY IN HUNGARY

Under Communism in Hungary, the development of agriculture has been subordinated to that of industry, and policy has reflected the belief that agricultural production could be increased simultaneously with collectivization. Contrary to this belief, however, collectivization drives and the low investment priority of agriculture -- the so-called hard-line policy -- have precipitated a downtunn in agricultural output. Recent criticism of the hard-line policy by Janos Kadar in a major policy speech to the Central Committee of the Hungarian Communist Party suggested that a new short-term approach -- a policy favoring agriculture over industry and a compromise of political ideology on full collectivization -- is believed to be necessary in order to resolve the immediate agricultural dilemma.

The conflict of ideology in the Party results from the sluggish response of the Hungarian agricultural sector following the mass collectivization drives of 1959-61. Although these drives accomplished a political goal by adding approximately 64 percent of the total arable land to the state-controlled sector in 3 years, the cost was high. Agricultural output did increase somewhat in 1959, but successive declines in 1960 and 1961 have reduced gross agricultural output by 11 percent and have moved Kadar and his supporters to reflect more soberly on the economic and sociological problems attendant on collectivization.

Of immediate economic concern is the carryover effect that declining agricultural output has had on the regime's export earning position and on its over-all economic growth. An unfavorable balance of trade developed in 1959 and 1960 -part of which could be directly attributed to the decreased total value of agricultural exports -- and the continued unplanned drop in agricultural production in 1961 has further lessened the ability of the regime to maneuver its export earnings to best advantage because a considerable part of agricultural exports are used for earning hard currency. Inaddition, the lower agricultural output has contributed to an increase of agricultural imports -- particularly feed and food grains -- and has raised the percentage share of the total value of agricultural imports from 8.3 percent in 1960 to 10.6 percent in 1961. 1/

2 August 1962

CIA/RR CB-62-44

Page 1

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

Moreover, the rapid collectivization of agriculture has revealed the serious shortcomings of past investment programs. Although 18 percent of the total state investment was allocated to the agricultural sector during the period 1959-61 compared with 13 percent for the previous 3-year period, 2/ neglect of the farms and the inability of the private farmers to reinvest in their own farms during the past decade has considerably lessened the effectiveness of this belated acceleration of investment. Other factors contributing to agricultural difficulties include the significant outflow of labor from the agricultural sector during the mass collectivization drives as well as the passive antagonism of peasant farmers to the planned type of work on collective farms.

In spite of the development of these unfavorable economic signals, the hard-line element of the Party continued to press for its ideological goal — the completion of collectivization. Kadar, however, has lent support to the more moderate element of the party, which believes that a slower transition to the collective farm concept is necessary in order to convince the traditionally conservative peasant.

In his speech to the Central Committee on 29 March, Kadar, therefore, made it known that agriculture is now the key factor in the development of the economy, 3/ and subsequent party action to curb hard-line opposition reflected an accommodation of the regime to existing farm problems. The Party now openly endorses the continued inviolability of the household plot, the payment of land rent to members of collective farms, and the need to offer material incentives to agricultural labor in order to stimulate agricultural output. 4/ These ideological concessions are primarily designed to appease the peasant and reflect the premium that the regime places on the contribution to the economy of the household plot. In 1960 the peasant household plots, with only 7 percent of the arable land, held approximately half of all the livestock and poultry in the country, and the contribution by value of the household sector amounted to 19 percent of the total gross agricultural output. 5/ It is this production that the regime needs and does not want to disturb -- at least not until the longrun program for agricultural production gains momentum.

In addition to the ideological concessions, the regime now seems to be intent on giving agriculture a relatively greater percentage share of investment allocations than

2 August 1962

CIA/RR CB-62-44

Page 2

C-O-N-F-I-D-E-N-T-I-A-L

has been true in the past. A 9-percent increase in agricultural credits has also been planned for 1962.6/

By contrast, the regime is discouraging the indiscriminate overproduction of industrial goods for which there is no immediate foreign or domestic demand, as proved by the increased level of interest rates on credits used to finance surplus industrial production and by the reduction in the percentage share of total state investment allocations to industry in 1962.7/ This postponement of industrial expansion in 1962 refTects a judgment to give more weight to the potential hard currency exchange earnings that can be derived from the export of agricultural products.

The curbing of the hard-line opposition early in the year, moreover, indicates the firm resolve of the regime to achieve the planned 9.2-percent increase in agricultural output in 1962.8/ Because the major share of this production will become available in the second half of the year, the regime's decision not to move in a political direction that would disturb the development of the agricultural sector shows evidence of the emergence of more rational economic leadership in the Hungarian Communist party.

Page 3

C-O-N-F-I-D-E-N-T-I-A-L

Analyst:

Coord:



Sources:

- 1. Statisztikai havi kozlemenyek, no 4, 1962, p. 53. U.
- 2. Ibid., p. 15.U. Ibid., no 1, 1961, p. 15. U.
- 3. CIA.FDD Summary no 3602, 18 May 62, pp. 25-30. OFF USE.
- 4. State, Budapest. Dsp 483, 2 May 62. OFF USE. CIA.FDD Summary no 3602, 18 May 62, pp. 25-30. U.
- 5. State, Budapest. Dsp 414, 20 Mar 62. OFF USE.
- 6. CIA.FDD Summary no 3632, 11 Jun 62. OFF USE. 7. State, Budapest. Dsp 500, 9 May 62. C. Ibid., Dsp 298, 27 Dec 61. OFF USE.
- 8. CIA.FDD Summary no 3632, 11 Jun 62. OFF USE.

Page 4

C-O-N-F-I-D-E-N-T-I-A-L

Approved For Release 2001/03/09 : CIA-RDP79T01003A001200320001-2 $_{\rm C-O-N-F-I-D-E-N-T-I-A-L}^{\rm CO-N-F-I-D-E-N-T-I-A-L}$



OFFICE OF RESEARCH AND REPORTS

25X1A

Control Staff

Control Sheet

Classification CONFIDENTIAL

GROUP 1
Excluded from automatic
downgrading and
declassification

Series Number CIA/RR CB 62-44
Date of Document 2 August 1962

Number of Copies 200

Copy No.	Recipient	Date	Returned
AND DESCRIPTION OF THE PERSON	25X1A	,	
101 - 143	Rec'd in St/P/C	8 Aug 62	. g
101	OCR	9 Aug 62	The second secon
102	The state of the s	550 Aug 62	The state of the s
102			# 1
104	22 July 1 representation for the control of the con	II.	25X1C
105	The state of the s	II	The second of th
25、18.5 M. S. A.	to complete the state of the st	11	The second secon
106	regioning panel access to the former and it	11	The state of the s
107	The state of the s	Not Sout	300462
108 - 111	Filed in St/P/C	10 Aug 62	AT AT AT AT AT A AT A AT A AT A AT A A
112 - 143		13 aug 62	TO THE STREET OF
65	Returned from the	17 bust 62	
<u> </u>	- 143 George Center	23 Oct 62	i i
33,65,128	the representation of the second seco		
27	Control and the Control of Contro	29 act 6-	2
n olympia tarania, mily dan principalisi di nyion, mily ngapipa milyelynya di nyi di ngahalani. N	amomic devises	SKR 16 Jack	
amender of Delines and a second	omnerce acc		A SAN DAN I James and the second
117-126	Sent to Becorde Center	11 Jul 63	es de la companya de
21,12	led from St/CS	1) 23 asso	ang di manggan in dan mandan di manggan manggan di mang
114-116	Sett & Records Centle		
110-111	x 113 Sent & Becorde	tex 2/ Guy 6	
109	Rewids Centre	11 Spin 65	Septimental services of the control
21 108	Recorded to the second of the control of the contro	CO. SOMEON ESTABLISHED TO STORE SERVICE STORE SERVICE STORE	Company of the compan
the standard of the standard o		N.E. P. · · · · · · · · · · · · · · · · · ·	Simple of prediction would be engaged released to \$100.
A THE COLUMN THE PERSON OF THE STREET PROPERTY OF A PERSON OF THE PERSON	SANCE SERVICE	化水子 海绵 医水子 计连接 化水面 医圆头面 医皮肤 医皮肤 医皮肤 化二烷 化二烷 化二烷 医甲状腺 化二烷 医二烷 化二烷 医二烷 医二烷 医二烷 医二烷 医二烷 医二烷 医二烷 医二烷 医二烷 医	Supplied to the second section of the second section of the second section is a second section of the second section is a second section sec
2、 数· 440-494-497(1950年)数 超光体 (ATTACHES TOTAL AT A ACT) TOTAL (FOR 1957-4400-497) (ACT) (ACT) (ACT)	表现的人们就是对于全国的人们的发展,于1970年,1980年,1980年,1980年,1980年,1980年,1980年,1980年,1980年,1980年,1980年,1980年,1980年,1980年,1980年,1	ロイト あまだけれた 実際などなどは 5月かりかき マクガン・ガラム・ボ ネル 4月からから、17月にから)、ディア40年におくべひ	CONTRACTOR OF THE PROPERTY OF
Committee of the Commit	1.1 (1.1 (1.1 (1.1 (1.1 (1.1 (1.1 (1.1	· · · · · · · · · · · · · · · · · · ·	CAST
26-44、committee Angelon, and professional and committee a		ポ モ・トカリヤタンのACCOMPTで表現のACCOMPTENS ものある。 大きな、大きなな、マラス・ディーマス・デタロンバル、この 1983 かんへいま	AND NOTICE OF THE PROPERTY OF
THE PARTY AND ADDRESS OF THE PARTY AND ADDRESS OF THE PARTY AND ADDRESS OF TAXABLE AND ADDR	ENTER CONTRACTOR CARROLL CONTRACTOR CONTRACT	ekiteri. Managatura batan angan angan sanaga managa keung seringgan selamang mengendak mengendak mengendak me	en servent en
Design to the second order of the design of the second order o	CORD. OF MINISTER LINEAR PER AND	NASA -	er werden der er eine gestellt der der er e
	機能が、必然を経済がありため、またでは、今後の機能では、1980年に関係が必要という。 1980年によった。1980年には、1980年には、1980年には、1980年には、1980年によった。1980年によっ	Martin Editorios (196 4年の大名の大阪 の田内のでは なくながら、300年、300年、310年、310年の日本では、111年の日本では、111年の日本	and the state of t
DATE AND THE WORLD STREET, AND THE STREET, AND	See program with it will be the second of the Company of the Compa	1985年(2014年1月19日) 1985年 - 1895年 - 189	the content of the second seco
ECC C-1 and minimum and demonstrates and control and proposed As in more constraints on the control and	THE AND THE PROPERTY OF THE AND THE PROPERTY OF THE PROPERTY O	han colo 中心 中心 经收益 医生物 医神经 医水子 化二氯甲基 医水子 化二氯甲基 化二氯甲基 化二氯甲基 化二氯甲基 化二氯甲基甲基 化二氯甲基甲基	en e
		医直肠炎 建铁铁铁铁矿 医乳球性小腹炎 医多种性结束 化二甲基甲基二甲基甲基甲基甲基甲基甲基甲基甲基甲基甲基甲基甲基甲基甲基甲基甲基甲	
ALL CASE MANAGEMENT OF THE PROPERTY OF THE PRO	我们的是,他们就有个的"我们"中国,我们们就是"多种"的"我们就是一种"我们就是我们的的,我们就是这个的"我们就是这个的"的"我们们"的"我们们"的"我们们"的"	mminte amerikan bermangkan manan kan kalampan saka kemen erak berman kelampan mengen berman berman berman berm Berman permanan berman berman mengen berman ber	§
CI CANDER SEEM STORY THE SEED OF THE SEED SEED SEED SEED SEED SEED SEED SE	MALACI (1, 102 P.P.) (2) - 体-地-地-地 DH-THP-型型型性 MELACIA (2, 200 PH) (2, 200 PH		BETTER
	大学 (1985年) 1985年 -		MAN COMMENT AND
And the second s	·····································	to dan in name areates and incompanies and incompanies (in the contract of the	
			T

Approved For Release 2001/0<u>3/09 c G/A</u>:RDP79T01003A001200320001-2 SUBJECT: Distribution of Current Support Brief No. (Title) Recipient

CHREAT AGRICULTURAL POLICY IN HUNGARY Copy No. 7E-32 HQI - O/DDI - Attn:2-3 - NIC25X1A 4-11 - OCI Internal 12-14 - ONED-I-S-T-R-I-B-U-T-E-D B-Y25X1A 15-21 - St/CS/RR22-30 - NSA O-C-I31 - NSAL 32-200- ORR/St/I/D Distribution 32 - AD/RR18.Ch/51/cs - Binder 16. 25X1A 17-Record Center 33 - DAD/RR34 - Ch/E35 - St/PR36-40 - D/A (1 ea. br.)41-46 - D/MS (1 ea. br.)47-55 - D/R (1 ea. br; 3-R/FU) 56-63 - D/M (1 ea. br.)64-72 - D/I (1 ea. br; 2-I/T) 73-75 - D/GG76-79 - St/I (1 ea. br.) 25X1A 80 - EIC/S81 - St/FM(IL/JA) 82 - Analyst/Branch 83 - GR/CR84 - BR/CR85 - IR/CR

88 - | 25X1A 89 - AD/0090 - Chief, FDD 91 - CD/00

92-94 - RID/AN Unit 4

86 - Library/CR 87 - IPI/CR

95-97 - OSI98 - OBI

99 - OTR/IS/IP, GC-11 HQ

100 - NPIC, Rm. 401, Steuart Bldg.

101-143- St/P/C

144-154- ACSI/Army, Rm. 1D479, Pentagon

155-168- Navy, Director ONI, Rm. 5B659, Pentagon

169-178- HQ. USAF, Attn: AFCIN-3D1, Rm. 4B137, Pentagon

179-180- Asst. Secretary of Defense, ISA, Rm. 3D220, Pentagon 181-184- USIA, Attn: W. Phelps, IRR/D, Rm. 701, Walker Johnson Bldg. 1734 New York Ave., N. W.

185-196- State, INR, Communications Center, Rm. 7818, State Dept. Bldg. 197-198- DIA, Services Division, Publications Sec. Rm. 3B282, Pentagon 199-200- Dr. Neilson Debevoise, NSC, Rm. 365, Executive Office Bldg.

Cy # 65 returne of the St/cs, who in turn sent it to St/p/c far their use ar distruction

se_w2001/08/09_u GIASDP79T01003A001200320001-2